BRIAN SANDOVAL
Governor

STATE OF NEVADA

BRUCE H. BRESLOW
Director

DEPARTMENT OF BUSINESS AND INDUSTRY
OFFICE OF THE DIRECTOR

2015 Qualified Allocation Plan Hearing For Low-Income Housing Tax Credits

Wednesday, November 05, 2014; 9:00am to 12:00pm

The following were in attendance:

Carson City, NHD location:
Iris Saltus; Praxis Consulting
Hilary Lopez; Praxis Consulting
Laura Valentine; Aging and Disability Services
Eileen Piekarz; RCAC
Lisa Dayton; Dayton & Associates
Jeff Herbert; Washoe Housing Authority
Tasha Hamilton; Washoe Housing Authority
Laima Etchegoyhen; Washoe County Health District
Michael Dang; Nevada Housing Division
CJ Manthe; Nevada Housing Division
Michael Holliday; Nevada Housing Division
Betsy Fadali; Nevada Housing Division
Elko, Great Basin College location:
Jim and Holly Gregory; Gregory Development
Bill Truax; CDI

Dial in:
Sheila Roberts; SocialServe
Chip Austin; Silver State

Las Vegas, NHD location:
Dan Billmark; ASI
Jon Legarza; Urban Pioneer Properties
David Paull; Nevada HAND
Daigo Ishikawa; Nevada HAND
Mike Mullin; Nevada HAND
Jake Bailey; Nevada HAND
Bob Feldeman; Nevada HAND
George Gekakis; GGI
Marina Adamy; GGI
Sharon Bullock; CDPCN
Sharath Chandra; Nevada Housing Division
Mark Licea; Nevada Housing Division
Eric Novak; Praxis Consulting
Lorri Murphy; Ovation
Alan Molasky; Ovation
Steven Silverman; Help USA
Mike Pawlak; Clark County
Brad Bridwen; Cloudbreak

1. ***Call to order by Chair - Michael Dang, Chief of Programs***

Michael Dang, Chief of Federal and State Programs for the Nevada Housing Division, called the meeting to order.

He introduced from the Housing division Administrator, CJ Manthe; new Deputy Administrator, Sharath Chandra; and new Chief Financial Officer, Michael Holliday.

2. ***Agenda Item #2 - Public Comment before discussion of 2015 QAP:***

No Public Comment

3. ***Agenda item #3 - Draft 2015 QAP Discussion: Introduction, major changes, consideration of received comments and questions concerning the Low Income Housing Tax Credit QAP:***

Michael Dang opened the discussion for proposed revisions in the QAP 2015 Draft.

There were extensive comments and questions from the attendees of the hearing.*

**Please see the posted Audio File of the entire discussion of this.*

**Please also see attached Letters of comments and questions from our Developers.*

Attachment 1: Section 14 12 Superior Project Application Points - Jon Legarza
Attachment 2: Comments - Henderson Redevelopment Agency
Attachment 3: Comments - Gregory Development
Attachment 4: Draft Comments - Silver Sage Manor I
Attachment 5: Re Posting on NVHousingSearch.org
Attachment 6: Comments - Nevada HAND
Attachment 7: Comments - GGI
Attachment 8: Comments - NHT Natl Hsg Trust
Attachment 9: Utilities Fact Sheet - NHT Natl Hsg Trust
Attachment 10: Comments - Western Regional Housing Corp
Attachment 11: Comments - Praxis
Attachment 12: Rationale & Language for Smoke Free Housing - Washoe County Health District

4. ***Agenda item #4 - Public Comment and Discussion***

No Public Comments.

5. ***Agenda item #5 - Meeting Adjourned at 12:00 pm***

From: Jon Legarza [mailto:jon@upioneer.com]
Sent: Thursday, October 23, 2014 11:42 AM
To: Michael Dang
Cc: Lisa Sich
Subject: Modification Request

Hello Michael,

We are requesting the following support on the attached change.

Best,

Jon

Proposed Change for Section 14.4 Project Readiness

Rating Factors

Proposed change in Superior Project/Application Points.

D. Project includes the acquisition/rehabilitation of a foreclosed, vacant, Redevelopment Agency parcel, or abandoned building, or the reuse/conversion of an existing building. Awarded to any eligible project. 8 points.

REDEVELOPMENT AGENCY

October 27, 2014

Mark Licea
Loan Administration Officer
State of Nevada Housing
7220 Bermuda Road, Suite B
Las Vegas, NV 89119

RE: Projects within Redevelopment Areas

Dear Mr. Licea:

The Henderson Redevelopment Agency has a variety of parcels within its Downtown and Eastside redevelopment areas. We have been working diligently with developers to build projects that will help to revitalize aging neighborhoods within those designated areas that will create jobs and a variety of housing opportunities.

I have been made aware of the proposal by your agency to award eight (8) points to projects that include the acquisition/rehabilitation of a foreclosed, vacant, Redevelopment Agency parcel, or abandoned building, or the reuse/conversion of an existing building. Henderson fully supports the addition of this language, as it will significantly help the Agency move these projects forward.

Please let me know if you have questions regarding Henderson's redevelopment efforts. I can be reached at 702-267-1516 or at michelle.romero@cityofhenderson.com.

Sincerely,

Michelle Romero, AICP, EDFP
Redevelopment Manager

/mr

Economic Development/Redevelopment Division
280 Water Street, City Hall Annex P.O. Box 95050 MSC 512 Henderson, NV 89009-5050
(702) 267-1515 Fax (702) 267-1503
www.cityofhenderson.com

Development
GREGORY
Group

October 13, 2014

Mr. Michael Dang
Chief of Federal and State Programs
NHD
1535 Old Hot Springs Rd. – 50
Carson City, Nevada
89706

RE; Draft 2015 QAP

Dear Mike;

The following will constitute our comments on the 2015 QAP;

Page 13, Section Six:
The non-profit Co-General Partner should have a significant ownership interest in order to avoid using a non-profit with a de minimus interest in order to qualify for the set-aside.

On page 14 line 16 the Division in the USDA – RD set-aside the language refers to "Direct funding" and then mentions "loan guarantees." Loan guarantees are not a source of "Direct Funding" and should not be identified as such. They are a guarantee, on another source of funding. It can be a loan from a bank or another lender. The loan guarantees can be utilized in any area in our State with the exception of Reno and Las Vegas. A loan guarantee can be very competitive in the "other Counties" set-aside. In fact we managed Quail Run apartments that has a 538 loan guarantee, and we NEVER had a USDA inspection, the incomes can go up to 80% with a guarantee.

On page 16 line 34 it mentions USDA – RD Set-aside (State Discretionary). The ONLY other Set-Aside that reads that way is the Additional Credits. What does the State intend with Discretion with the RD set-aside?

On page 17 line 23 it reads the State will then allocate Tax Credits to "new projects," isn't that limiting rehabilitation projects?

On page 19 lines 2,3, and 4 it mentions a project that doesn't close within 270 days will lose its credits unless a written request for a 45 day extension. I think the language should be struck as the Division doesn't follow it.

On page 19 lines 19-21 should be struck for the same reason as mentioned above. The language reads that the Division will terminate credits if the project hasn't started after the 45 day extension the Division will have the reservation terminated. The project here in Elko did not start for one year after the award of credits. We feel strongly that the language in the QAP should have been followed!

On page 40 line 16, the Division used to have in the QAP that the required reserves for USDA projects are different than the requirements for NHD.

On page 42 line 15, we fail to see that a company with an IOI that the applicant must pay additional fees utilizing an Estimating Consultant the examine the proposed budget. Can't the Division review the per unit estimates in-house? The Developer and contractor fees are capped in the application and cost certified by accountants.

On page 47 lines 9-13 the whole paragraph is vague at best.

On page 52 lines 27-44, is excessive. Perhaps this is something the Division should ask for after an award is allocated.

Page 53 lines 31-34 Please delete "all" in front of "applicable local jurisdictions." Please note that this requirement is burdensome to developers in rural areas where the local jurisdiction may not be providing an infusion of funds and the City Council or County Commissioners is unfamiliar with the LIHTC program. Council/Commissioners in these areas may be more hesitant to go on the record to support a project and in many instances there are long lead times for completing this item. If the project receives HOMES funds or USDA-RS funding is that enough for rural projects?

On page 55 under rating factors, we think elevators in 2 story Senior Housing Projects is a good idea.

On page 58 we suggest deleting lines 2 and 3 of the Rating Factors and inserting the following;
"Applicant/Co Applicants are Nevada-Based meaning (i) the Applicant's/Co-Applicant's principal place of business is located in the State of Nevada, (ii) at the time of the application, the Applicant's/Co-Applicant's member (if a limited liability company), partners (if a partnership), or Directors (if a Corporation such as a nonprofit corporation) thereof reside in the State of Nevada, (iii) the Applicant's-Co-Applicant's employees

reside in the State of Nevada and (iv) the project representative identified in the application is also a resident in the State of Nevada." 10 points

Shortly after 1986 the State of Nevada did not have enough capacity to utilize all of the LIHTC's. So the Division encouraged out of State Developers. That simply isn't the case today, as evidenced by recent LIHTC funding rounds.

On page 62 at the top of the page, are those low numbers really representing what the Division is receiving in the LIHTC applications? In looking at last year's allocations, I don't think these numbers represent what has been submitted.

On page 75 lines 22-25 item 5, some of the properties in the Division's portfolio can be as old as 28 years old, thus warranting a rehab.

On page 80 lines 21-24. Is this in addition to the 270 day plus 45 day? How will the Division monitor this?

Thank you for the opportunity to comment on the Draft 2015 QAP.

Holly Gregory

SILVER SAGE MANOR INC.
3870 Neil Road, Suite A, Reno, NV 89502
(775) 329-1155 (775) 324-1163 Fax

November 4, 2014

Nevada Housing Division
1535 Old Hot Springs Rd., Suite 50
Carson City, NV 89706

RE: 2015 QAP Draft Comments

Mr. Michael Dang,

Thank you for the opportunity to comment on the Draft of the Qualified Application Plan for the 2015 Low Income Housing Tax Credits released October 3, 2014.

Following are our comments listed by page and line number for your consideration:

Page	Lines	Comment
6	18-24	Combine this language with Guiding Principles in Section 4 (Pgs. 8 & 9)
7	29-31	Delete – language requiring this is provided in next Paragraph
8	1-14	Allow Division to request versus requiring automatically. Will this all be reviewed as received? Seems to be a large burden for NHD as well as developers.
11		Veterans Set Aside – move to Section 6-9 describing other set asides
12		Adjust Table to reflect Veterans set aside as sub set aside to Clark County
16	41-42	Voucher program -- delete versus clarify
20	21-25	Leave 2014 language
20	27-37	Delete proposed changes
20	40	Add "HUD and ...." This addresses the fact that HUD/Rural may have more restrictive requirements
55	16.B	Consider scaling of BBQ's to number of units 1 for each 25 unit increment?
57	JJ	Do not delete garden boxes – important to Senior projects
57	MM	Clarify if 100% of all units (unreasonable and likely not desirable to a vast number of prospective tenants) or one of each type of unit? Consider points scores for specified percentages of units made accessible above required units
58	13.B.	Change employee to "staff" or go back to 2012 language as follows: B. Applicant maintains sufficient staff at an in-state office to ensure that a member of the general public may visit the office to substantively discuss matters relating to the project with one of the persons identified in (A.) above as well as the project representative identified within the application.

61	B.	Define overall cost/unit (total development cost/construction cost???) No consideration given for project size or geographic differences in land and or construction costs between North/South/Rural. What happens in the event that project ends up exceeding application costs?
62	3	Add "Projects may submit under one of the following Categories (A-F)
62	Max Points	Significant increase in weight provided to this category with increased maximum number of points seems to be overweighting this single category
65	27	Add "other than Veteran's Oriented Housing Projects" after all projects ...
69	13 & 30	Change eight to six and adjust chart in line 30 to reflect 6 if Meals deleted as proposed
70	40-42	Delete last sentence as it is repeated (expanded on) on Pg.71 lines 3-5
75	30	Add Washoe County to listing to enable projects within the County to seek staff authorized basis boosts.

Thank you for the opportunity to comment and for taking these comments under consideration.

Sincerely,

Chip Hobson, Executive Director
Silver Sage Manor, Inc.

Michael Dang

From:	Michael Dang
Sent:	Tuesday, November 04, 2014 9:49 AM
To:	Amparo Gamazo; 'Bill Truax'; Brad Bridwell (bbridwell@cantwell-anderson.com); Caleb Cage; 'Chip Hobson'; Dane HILLYARD; 'Dave Johnson'; David Morton; David Paull (dpaull@nevadahand.org); Eddie Hult; 'Eric Novak'; 'Frank Hawkins'; 'George Gekakis'; 'Hilary Lopez'; 'Holly Gregory'; Jim Zaccheo; John Hill (jhill@snvrha.org); Jon Legarza (Jon@UPioneer.com); 'Jonathan Fore'; Katherine Miller; Lisa Dayton; 'Lorri Murphy'; 'Matthew Fleming'; 'Mike Mullin (Corporate)'; Sharon Bullock (SharonB@cdpcn.com); 'Stephen Vander Schaaf'; Steve Silverman (ssilverman@helpusa.org); W A H Chen
Cc:	CJ Manthe; Sharath Chandra; Mark Licea
Subject:	2015 QAP and Listing on free NVHousingSearch.org

The following is about proposed 2015 QAP language covering our free NVHousingSearch.org site.

This apartment listing service NVHousingSearch.org site is free for developers and potential tenants.

This is the current language we have in the QAP:
All Applicants/Co-Applicants must also execute an agreement to promote its property on the NVHousingSearch.org website. There is no charge for this service. (see Exhibit XXX of NHD's Application for Tax Credits)

Note the introduction immediately below followed by QAP approaches from two different states, i.e., Georgia and Delaware.

Regards,

Mike Dang
775.687.2033
mdang@housing.nv.gov

Subject Line: Earn Points by Listing on NVHousingSearch.org

Dear Housing Provider:

NVHousingSearch.org is a new, FREE service listing rental housing across Nevada.

The Nevada Division of Housing would like to thank the housing providers who are already listing on NVHousingSearch.org and urge those who have not taken advantage of this service to do so! **Additional QAP points may be awarded to eligible entities who list their properties.**

Other benefits of this service include full support by a toll-free call center and unlimited, free listings that can highlight your units in great details with photos and interactive map tools.

NVHousingSearch.org is currently being marketed across the state to people searching for rental housing. Add your listings today!
Register at www.NVHousingSearch.org, or call 1.877.428.8844 (toll free) Monday - Friday, 6 a.m. - 5 p.m. Pacific Time, with questions or for assistance with registration.
Thank you for your participation in this valuable service for our community!

QAP Examples
GEORGIA:

B. *Calculation of Point Deductions*

1. *DCA Program Administrative Non-Compliance*:

One (1) Point will be deducted for each instance of significant DCA Program Administration Non-Compliance that occurs in the previous twelve months or remains uncured from previous years. For purposes of this section, non compliance will include:

a) Failure to submit completed cost certification for a tax credit project within 12 months of the required due date. (Points will be deducted for a period of 24 months following submission of the cost certification)
b) Failure to convert a DCA HOME loan within 12 months of the required conversion date. (Points will be deducted until the HOME loan converts).
c) Owner failed to provide Annual Owner Certifications or provided incomplete and/or inaccurate certifications,
d) Failure to complete certification for Sustainable Buildings or Communities prior to issuance of 8609s for a project received funding from a previous round
e) Repeated failure to comply with administrative requirements, such as failure to obtain DCA written preapproval of any change of ownership or property management
f) Applications which have an owner or developer that has a property or properties determined to be out of compliance with DCA web-based MITAS Property Management system requirements
g) Applications which have an owner or developer that is out of compliance with DCA's requirement to register properties in Georgia Housing Search.

Threshold Criteria

For Scattered Site Projects, the non-contiguous parcel for which this criterion is applicable must meet the legal opinion requirements.

XXVI. GEORGIA HOUSING SEARCH

Applicants applying and selected for funding under the Plan must list all available affordable Housing Units funded by DCA on the Georgia Housing Search website. Georgia Housing Search is a DCA sponsored database that assists Georgia residents in locating available affordable housing units. Each listing must be updated and remain "active" as required by the system. This data base is maintained under the direction of the Georgia Emergency Management Office and under the authorization of the Governor's Office. The Georgia Disaster Relief Task Force also issuing Georgia Housing Search to facilitate the delivery and management of shelter and housing accommodation programs to support displaced citizens during a disaster. At this time, over 150,000 units are listed. This database should be utilized as a valuable tool for Managers in seeking tenants for low income housing tax credit properties. Georgia Housing search can be accessed through the following link:

http://www.georgiahousingSearch.org

DCA POST AWARD DEADLINES AND FEE SCHEDULE
For Profit, Non-profit, and For Profit/Non-profit Joint Ventures
Failure to meet deadlines below will be considered in Experience and Compliance Review

	Fees	9% Deadline	4% Deadline
Environmental Review Costs	Based on Actual Costs incurred by DCA to retain consultants	Upon invoicing by DCA during underwriting	Upon invoicing by DCA during underwriting
Final Allocation Deadline	NONE	February 15, 2017	September 15, 2017
Final Inspection Fee (for all LIHTC properties, both 4% and 9%, excluding those projects involving HOME funds)	$3,000 per project	Due within 30 days of final draw but no later than 30 days prior to the placed in service date or a late fee of $25 per day will be assessed	Due within 30 days of final draw but no later than 30 days prior to the placed in service date or a late fee of $25 per day will be assessed
Formal Firm Commitments for equity and non-DCA debt (HOME)	NONE	Must be submitted to DCA within 75 days of the carryover allocations	N/A
Front End Analysis (applicable to HOME loans only, when an Identity of Interest exists between the Developer or Owner and the general contractor)	$2,700 per project	Due within 15 days of invoicing by DCA during underwriting	N/A
Georgia Housing Search	NONE	Applicant agrees that if Application is selected for funding the Applicant will accurately list all of its existing developments in the Georgia Housing Search within six months of selection	Applicant agrees that Application receives a Letter of Determination, then the applicant will list all of its existing developments in the Georgia Housing Search within six months of selection

DELAWARE

Additional Fair Housing and Americans With Disabilities Act (ADA) Units

Three to five (3-5) points are awarded for developments that exceed the Fair Housing and ADA minimum requirement threshold of maintaining 5% of the total unit count as fully accessible units.

- Property provides 10% fully accessible units 3 points
- Property provides 15% fully accessible units 4 points
- Property provides 20% fully accessible units 5 points

Accessible units should be marketed and rented to households that need the accessible features. Applicants are required to list their development and all accessible units on www.delawarehousingsearch.org. When accessible units are not occupied by households that need the accessible features, a lease addendum for the non-disabled household will be required for the non-disabled household to transfer to the next available non-accessible unit (of comparable or smaller size) when a household that needs the accessible features applies and is accepted to the development.

This is the general type of information the NVHousingSearch.org you can include for your properties:

Required Fields *(and please note that we would still need to contact the property managers to get additional information before we could activate any listings)*

Property Provider Information:

Company Name and Contact Address (Community)
Contact Name
Contact phone number (# for potential tenants to call)
Email address (Public, Private or Both?)

Property Information:
Date Available for Rent
Property Type (Apartments, Town house, duplex, house, etc)
Property Street Address, City, State, Zip
Name of Complex
Bedroom
Bath
# of total units per floor plan
# of units available
Heating type (electric, gas, or oil)
Water Heater (gas, electric, or oil)
Unit entry (steps, ramp, flat entry, etc)
Door Width

Sheila Roberts

Sheila Roberts
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Nevada HAND
Housing And Neighborhood Development

October 30, 2014

Michael Dang
Nevada Housing Division
1535 Old Hot Springs Road, Suite 50
Carson City, NV 89706

Via Email

Subject: Comments; 2015 Draft QAP

Please consider the following comments to the Draft of the 2015 QAP dated October 3, 2014.

Section 5 – Apportionment of Tax Credits

1. (Page 5) Include language per "Attachment 1".
    a. New language creates clarity.

Section 12 – Mandatory Project Requirements

1. (Page 29, Line 13-14) Eliminate 12(I)(B)(4)
    a. ASHRAE Standard 62.2 has not been adopted by the International Building Code.
    b. Fresh air requirements are unproven.

Section 13 – Pre-scoring Threshold Requirements

1. (Page 50, Line 23-31) Eliminate or define 13(L)(2)(a) CCTV installation requirements.
    a. Guiding principles of mandatory CCTV systems are undefined.

Section 14.4 – Project Readiness

1. (Page 55) Eliminate 14.4(A)
    a. There is no difference between site control of undeveloped land and site control of an existing acquisition/rehab property.
2. (Page 55) Eliminate 14.4(E)
    a. Reduces the number of viable projects for NHD review.

3. (Page 55) Amend category point maximum to eight [8] points.

Section 14.6 – Nevada Based Applicant

1. (Page 58) Include ten [10] points, amending 14.6(A) & (B) as follows:

   "Applicant/Co-Applicant are Nevada-based, meaning (i) the Applicant's/Co-Applicant's principal place of business is located in the State of Nevada (ii) at the time of application, the majority of Applicant's/Co-Applicant's members (if limited liability company), partners (if a partnership), or directors (if a corporation such as a non-profit corporation) thereof reside in the State of Nevada, and (iii) the majority of Applicant's/Co-Applicant's employees reside in the State of Nevada, and (iv) the project representative identified in the application is also a resident of the State of Nevada."

2. (Page 58) Include one [1] point for Nevada Community Housing Development Organizations (CHDO).
   a. Local jurisdictions must set-aside HOME funds each year for specifically for CHDO-sponsored projects. These funds are returned to HUD if they are not used.
3. (Page 58) Include one [1] point for 501(c)(3) organizations.
4. (Page 58) Amend category point maximum to twelve [12] points.

Section 14.12 – Superior Project/Application Points

1. (Page 61-62) Amend 14.12(B) to be cost per square foot (cost/sf) excluding land cost.
   a. Cost/unit includes land cost.
   b. Cost/unit discourages construction in more desirable locations with higher land costs.
   c. Cost/sf to include all conditioned space; residential and common areas.
2. (Page 62) Eliminate Project Based Rental Assistance in 14.12(C); retain VASH Vouchers.
   a. Reinforces concentration of poverty. See "Attachment 2".
   b. Reduces housing choice among low-income households. See "Attachment 2".
3. (Page 62) Eliminate 14.12(D), (E) & (F), and create an Acquisition/Rehabilitation category in Project Type Priorities (14.13).
   a. Discourages new development.
   b. Encourages recycling of portfolio regardless of rehabilitation need.
   c. Reduces potential supply of affordable housing.
   d. New category enables NHD to define and prioritize specific criteria in the scoring category.

   e. Provides a better balance to objectives 1 and 2 of the Guiding Principles (Section 4).
4. (Page 62) Eliminate 14.12(H) – Owner paid utilities
   a. Encourages waste.
   b. Conflicts with the Guiding Principles (Section 4).
   c. Solar savings accrue to the owner, not the residents.
5. (Page 62) Include two [2] points for "Smoke Free Environment" as follows:

   "Smoke-Free Environment. The Applicant must establish and implement a policy prohibiting smoking on the property. The Applicant must develop and maintain a written occupancy policy that prohibits smoking on the property, include a non-smoking clause in the lease for every household and make educational materials on tobacco treatment programs available to all tenants of the Project through the resident service coordinator."

6. (Page 62) Amend category point maximum to twenty-two [22] points.

Section 14.13 – Project Type Priorities

1. (Page 65, Line 26-31) Does 14.13.1(F)(1) belong here? Why is it necessary if there is a set-aside?

Section 14.14.1 – Low Rent Targeting

1. (Page 68) Amend point categories per "Figure 1"; include a mandatory set aside 3% of project units for residents at or below 30% of AMI to be eligible to score points in this category.
   a. Extremely low income households are served by existing federal and state programs.
   b. Project Based Rental Assistance reinforces concentration of poverty, and prohibits housing choice for low-income households. See "Attachment 2".
   c. A mandatory 30% AMI set aside will ensure a stock of deeply affordable units.
2. (Page 68) Amend category point maximum to six [6] points.

Figure 1

RATING FACTORS	POINTS
<.40	6
.40-<.45	4
.45-<.50	2
MAXIMUM LOW INCOME TARGETING POINTS FOR ALL PROJECTS EXCEPT RENT TO OWN	6

295 E. Warm Springs Road, Suite 101, Las Vegas, NV 89119 · (702) 739-3345 · Fax (702) 739-3005
www.nevadahand.org

Section 14.14.3 – Supportive Services

1. (Page 69) Define supportive service criteria more specifically, similar to California 2015 QAP. See "Attachment 3".
    a. Current language is silent regarding the nature of supportive services.
    b. Defined criteria yield more effective resident impact.
    c. Defined criteria create greater accountability.
2. (Page 69) Amend category point maximum to ten [10] points.

Section 14.14.6 – Affordable Housing Incentive

1. (Page 71-72) Eliminate 14.14.6(A) point eligibility for "discounts on land sales > 50.01%," allowing donations only.

Section 18 – Maximum Amounts of Tax Credits Awarded and Post Award Process

1. (Page 76, Line 10-21) Increase 18(A)(3) Applicant tax credit award maximum to $1,500,000.
    a. Encourages joint ventures and collaboration.
    b. The Applicant's tax credit maximum shall be calculated as (i) the sum of tax credits awarded, (ii) adjusted to equal the Applicant's percentage share of developer fee earned in each corresponding project.

Sincerely,

Michael T. Mullin
Chief Executive Officer

C.C. Mark Licea

Attachment 1

Initial apportionment of tax credits; set-aside accounts; priorities; preference points; reservation of tax credits; unused tax credits.

1. In each annual plan, the Division will add any tax credits carried over by the Division from a previous year and any tax credits awarded to the State from the national pool of unused tax credits to determine the total amount of tax credits available for allocation for the plan year. The Division will, pursuant to the annual plan, make an initial apportionment of the total allocation of tax credits in the following order:

(a) An allocation to a set-aside account specified in this section.

(b) An allocation to a geographic account or subaccount specified in this section.

(c) An allocation to the general pool account specified in this section.

2. In accordance with the provisions of the Code, the Division will set aside 10 percent of the state ceiling for projects relating to nonprofit organizations as specified in the qualified allocation plan and the Code. The Division will identify those tax credits in the annual plan as minimum tax credits for nonprofit organizations. The Division may set aside additional amounts of tax credits for projects relating to nonprofit organizations and will identify those amounts in the annual plan as additional tax credits for nonprofit organizations. The Division will place any tax credits set aside pursuant to this subsection into a set-aside account. Any reservations and final awards of tax credits from that account will first be charged against the minimum tax credits set aside for nonprofit organizations and then charged against any additional tax credits that are set aside for nonprofit organizations. If the total amount of the minimum tax credits that are set aside for nonprofit organizations is not reserved during the first reservation round, the Division will carry over any unreserved portion of that amount into subsequent rounds as a minimum tax credit to be set aside for nonprofit organizations. Any unreserved minimum amount will not be apportioned to other accounts and will not be carried over into the next plan year. Any unreserved or unused additional tax credits may be reapportioned to other accounts or may be carried over into the next plan year by the Division.

3. The Division may, establish set-aside accounts other than those specified in subsection 2 into which the Division will place tax credits after the minimum and additional tax credits specified in that subsection have been set aside by the Division. The Division will reserve tax credits from the accounts specified in this subsection in accordance with the annual plan. Unless otherwise provided in the annual plan, any unreserved amounts of tax credits remaining in each of those accounts after all eligible applications for a reservation of tax credits from those accounts have been considered during the first reservation round will be transferred to a set-aside account and identified as additional tax credits for nonprofit organizations. The Division may transfer those tax credits before the end of the first reservation round to maximize reservations during that round.

4. After each apportionment has been made to a set-aside account pursuant to subsections 2 and 3, the Division will:

(a) Place an amount of tax credits specified in the annual plan into a geographic distribution account; and

(b) Apportion those credits among geographic subaccounts for counties as provided in the annual plan.

5. The Division will make reservations of tax credits from the geographic subaccounts specified in subsection 4 based on the location of the project. If, during the first reservation round, the Division does not reserve all of the tax credits placed into the subaccount for:

(a) Clark County, the Division will transfer any surplus tax credits remaining in that subaccount to the subaccount for Washoe County.

(b) Washoe County, the Division will transfer any surplus tax credits remaining in that subaccount to a subaccount for all of the counties other than Clark County and Washoe County.

↳ If, at the end of the first round, the Division does not reserve any tax credits from a subaccount described in this subsection, the Division will transfer the tax credits to a general pool account to be carried over or allocated by the Division during a second round.

6. If the Division does not apportion any tax credits to an account or subaccount pursuant to this section, the Division will place those tax credits into a general pool account. Except as otherwise provided in this section, if the Division does not reserve any tax credits that remain in an account or subaccount after the Division considers all eligible applicants during the first round, the Division will transfer those tax credits to the general pool account and may reserve those tax credits from that account during the first round. Upon completion of the first round, the Division will transfer any unreserved tax credits other than minimum tax credits set aside for nonprofit organizations to the general pool account. The Division will make all subsequent reservations of tax credits from that account in accordance with the provisions of Section 14, regardless of the amount of any tax credits that are set aside for or the geographic location of the project of an applicant.

7. In addition to any tax credits placed into the general pool account pursuant to subsection 1, the Division will place into that account:

(a) Any tax credits received by the Division from the national pool of unused tax credits; and

(b) Any other credits returned to or received by the Division after the date the Division publishes the annual plan.

8. Except as otherwise provided in this subsection, if an applicant is eligible for tax credits that have been set aside, the Division will first consider his or her application for a reservation of tax credits against the set-aside accounts specified in this section. If the applicant does not receive a reservation of tax credits from a set-aside account, the Division will include the application with all other applications and consider the application for a reservation of tax credits against any appropriate geographic account or subaccount. If an applicant does not receive tax credits from a geographic account or subaccount, the Division will consider reserving tax credits for the applicant from the general pool account. If an applicant qualifies for tax credits that have been set aside and:

(a) Is the only qualifying applicant for a reservation from a set-aside account or a geographic account or subaccount, the Division may reserve tax credits for that applicant in any manner that maximizes the use of the tax credits that have been set aside and the tax credits in the geographic accounts or subaccounts.

(b) The amount of tax credits requested in the application exceeds the amount of tax credits available for reservation from a set-aside account, the Division may, based on the number of preference points awarded to the applicant, reserve tax credits for that applicant from any other set-aside account or geographic account or subaccount. Any tax credits reserved pursuant to this paragraph will be an amount that is equal to the amount of tax credits by which the tax credits requested by the applicant exceeds the amount of tax credits available for reservation from the set-aside account.

9. The Division will award to each applicant a total number of preference points in accordance with the provisions of Section 14. The application of any applicant who is eligible for a reservation of tax credits against an account or subaccount specified in this section will be ranked in order of priority according to the number of preference points awarded to the applicant pursuant to that section. If an application cannot be ranked because the applicant has been awarded a number of preference points that is equal to the number of preference points awarded to another eligible applicant, the Division will rank the application in accordance with the provisions of Section 14. Tax credits will be reserved in accordance with the ranking established pursuant to that section until the account or subaccount is exhausted or the application that is ranked next in order of priority exceeds the balance in the account. Except as otherwise provided in subsection 10, to maximize any reservations against an account or subaccount specified in this section, if the Division makes a reservation of tax credits until an applicant whose application that is ranked next in order of priority requests an amount of tax credits that exceeds the amount available in the account or subaccount and there is a difference of 5 percent or less between the amount requested by the applicant and the amount of tax credits available for reservation, the Division may:

(a) Offer a reduced amount of tax credits to the applicant, if the amount requested by the applicant may be reduced by 5 percent or less without impairing the financial feasibility of the project; or

(b) Transfer not more than 5 percent of the amount requested by the applicant from the general pool account and reserve the tax credits accordingly, if a sufficient amount of tax credits has been placed into the general pool account.

10. If the Division makes a reservation of tax credits until an applicant whose application is ranked next in order of priority requests an amount of tax credits that exceeds the amount available in an account, the Division may award tax credits to an applicant:

(a) Whose application is ranked next in order of priority to that application; and

(b) Who requests an amount of tax credits that is equal to or less than the remaining balance in the account.

↪ If an application is not considered for a reservation of tax credits pursuant to this subsection, the Division will consider the application for a reservation of tax credits against another account based on the number of preference points awarded to the applicant.

11. If all tax credits are not awarded in a reservation round, the Division may:

(a) Carry over the unused tax credits to the next plan year or place any unused tax credits, other than minimum tax credits set aside for nonprofit organizations, into the general pool account; and

(b) Initiate a new reservation round.

Attachment 2

A report by the Center for Budget and Policy Priorities entitled "Creating Opportunity for Children" identifies the importance of dispersing poverty. Project-based rental assistance results in the concentration of poverty. The report states on page 34, "The [Housing Choice Voucher] program has performed far better in enabling families with children to live in lower-poverty neighborhoods than have HUD's project-based rental assistance programs." By awarding scoring points to projects with project-based rental assistance, the QAP is encouraging the concentration of poverty which results in worse outcomes for residents and their children.

The citation for the full report is:

Sard, B., & Rice, D. (2014). Creating Opportunity for Children: How Housing Location Can Make a Difference. 34-34. Retrieved October 29, 2014, from http://www.cbpp.org/files/10-15-14hous.pdf

Attachment 3

California 2014 QAP – Points System
SECTION 10325(c)(5)(B)

D(2) Service Amenities **Maximum 10 Points**

Projects that provide high-quality services designed to improve the quality of life for tenants are eligible to receive points for service amenities. Services must be appropriate to meet the needs of the tenant population served and designed to generate positive changes in the lives of tenants.

Except as provided below and in Reg. Section 10325(c)(5)(B), in order to receive points in this category physical space for service amenities must be available when the development is placed-in-service. Services space must be located inside the project and provide sufficient square footage, accessibility and privacy to accommodate the proposed services. The amenities must be available within 6 months of the project's placed-in-service date. Applicants must commit that services will be provided for a period of 10 years.

All services must be of a regular and ongoing nature and provided to tenants free of charge (except for day care services or any charges required by law). Services must be provided on-site except that projects may use off-site services within 1/2 mile of the development (1 1/2 mile for Rural set-aside projects) provided that they have a written agreement with the service provider enabling the development's tenants to use the services free of charge (except for day care and any charges required by law) and that demonstrate that provision of on-site services would be duplicative. All organizations providing services for which the project is claiming service amenities points must have at least 24 months experience providing services to one of the target populations to be served by the project.

Items 1 through 6 are applicable to Large Family, Senior, and At-Risk projects. Items 7 through 12 are applicable to Special Needs and SRO projects. Items 1 through 12 are mutually exclusive. One proposed service may not receive points under two different categories.

Applications must include a services sources and uses budget clearly describing all anticipated income and expenses associated with the services program and that aligns with the services commitments provided (i.e. contracts, MOUs, letters, etc.) Applications shall receive points for services only if the proposed services budget adequately accounts for the level of service. The budgeted amount must reasonably be expected to cover the costs of the proposed level of service. **PLEASE REFER TO REGULATION SECTION 10325(c)(5)(B) FOR COMPLETE SERVICE**

AMENITY POINTS REQUIREMENTS.

No more than 10 points will be awarded in this category. **The service budget spreadsheet must be completed.**
Amenities may include, but are not limited to:

a) Large Family, Senior, At-Risk projects:

N/A	(1)	**Service Coordinator.** Responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.). **Minimum ratio of 1 Full Time Equivalent (FTE) Service Coordinator to 600 bedrooms.**	**5 points**
N/A		**Service Coordinator** as listed above, except: **Minimum ratio of 1 FTE Service Coordinator to 1,000 bedrooms.**	**3 points**
N/A	(2)	**Other Services Specialist.** Must provide individualized assistance, counseling and/or advocacy to tenants, such as to assist them to access education, secure employment, secure benefits, gain skills or improve health and wellness. Includes, but is not limited to: Vocational/Employment Counselor, ADL or Supported Living Specialist, Substance Abuse or Mental Health Counselor, Peer Counselor, Domestic Violence Counselor. **Minimum ratio of 1 FTE Services Specialist to 600 bedrooms.**	**5 points**
N/A		**Other Services Specialist** as listed above, except: **Minimum ratio of 1 FTE Services Specialist to 1,000 bedrooms.**	**3 points**
N/A	(3)	**Adult educational, health and wellness, or skill building classes.** Includes but is not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation, and smoking cessation classes. **Minimum of 84 hours instruction each year (42 hours for small developments of 20 units or less).**	**7 points**
N/A		**Adult educational, health & wellness, or skill building classes** as listed above, except: **Minimum of 60 hours instruction each year (30 hours for small**	**5 points**

developments).

N/A	**Adult educational, health & wellness, or skill building classes as listed above, except: Minimum of 36 hours instruction each year (18 hours for small developments).**	**3 points**
N/A (4)	**Health and wellness services and programs.** Such services and programs shall provide individualized support to tenants (not group classes) and need not be provided by licensed individuals or organizations. Includes, but is not limited to visiting nurses programs, intergenerational visiting programs, or senior companion programs. **Minimum of 100 hours of services per year for each 100 bedrooms.**	**5 points**
N/A	**Health and wellness services and programs as listed above, except: Minimum of 60 hours of services per year for each 100 bedrooms.**	**3 points**
N/A	**Health and wellness services and programs as listed above, except: Minimum of 40 hours of services per year for each 100 bedrooms.**	**2 points**
N/A (5)	**Licensed child care.** Shall be available 20 hours or more per week, Monday through Friday, to residents of the development. (Only for large family projects or other projects in which at least 30% of units are 3 bedrooms or larger.)	**5 points**
N/A (6)	**After school program for school age children.** Includes, but is not limited to tutoring, mentoring, homework club, art and recreational activities. (Only for large family projects or other projects in which at least 30% of units are 3 bedrooms or larger). **Minimum of 10 hours per week, offered weekdays throughout the school year.**	**5 points**
N/A	**After school program for school age children as listed above, except: Minimum of 6 hours per week, offered weekdays throughout the school year.**	**3 points**
N/A	**After school program for school age children as listed above, except: Minimum of 4 hours per week, offered weekdays throughout the school year.**	**2 points**

b) Special Needs and SRO projects:

N/A (7)	**Case Manager.** Responsibilities must include (but are not limited to) working with tenants to develop and implement an individualized service plan, goal plan or independent living plan. **Minimum ratio of 1 Full Time Equivalent (FTE) Case Manager to 100 bedrooms.**	**5 points**
N/A	**Case Manager** as listed above, except: **Minimum ratio of 1 FTE Case Manager to 160 bedrooms.**	**3 points**
N/A (8)	**Service Coordinator or Other Services Specialist.** Service coordinator responsibilities shall include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.). Other services specialist must provide individualized assistance, counseling and/or advocacy to tenants, such as to assist them to access education, secure employment, secure benefits, gain skills or improve health and wellness. Includes, but is not limited to: Vocational/Employment Counselor, ADL or Supported Living Specialist, Substance Abuse or Mental Health Counselor, Peer Counselor, Domestic Violence Counselor. **Minimum ratio of 1 FTE Service Coordinator or Other Services Specialist to 360 bedrooms.**	**5 points**
N/A	**Service Coordinator or Other Services Specialist** as listed above, except: **Minimum ratio of 1 FTE Case Manager to 600 bedrooms.**	**3 points**
N/A (9)	**Adult educational, health and wellness, or skill building classes.** Includes but is not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation, and smoking cessation classes. **Minimum of 84 hours of instruction each year (42 hours for small developments of 20 units or less).**	**5 points**
N/A	**Adult educational, health & wellness, or skill building classes** as listed above, except: **Minimum of 60 hours of instruction each year (30 hours for small developments).**	**3 points**
N/A	**Adult educational, health & wellness, or skill building classes** as listed above, except: **Minimum of 36 hours of instruction each year (18 hours for small developments).**	**2 points**

N/A (10) **Health or behavioral health services** provided by appropriately-licensed organization or individual. Includes but is not limited to: health clinic, adult day health center, medication management services, mental health services and treatment, substance abuse services and treatment. **5 points**

N/A (11) **Licensed child care.** Shall be available 20 hours or more per week, Monday through Friday, to residents of the development. (Only for large family projects or other projects in which at least 30% of units are 3 bedrooms or larger.) **5 points**

N/A (12) **After school program for school age children.** Includes, but is not limited to tutoring, mentoring, homework club, art and recreational activities. (Only for large family projects or other projects in which at least 30% of units are 3 bedrooms or larger). **Minimum of 10 hours per week, offered weekdays throughout the school year.** **5 points**

N/A **After school program for school age children** as listed above, except: **Minimum of 6 hours per week, offered weekdays throughout the school year.** **3 points**

N/A **After school program for school age children** as listed above, except: **Minimum of 4 hours per week, offered weekdays throughout the school year.** **2 points**

GEORGE GEKAKIS, INCORPORATED
GENERAL CONTRACTOR / DEVELOPER

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November 4, 2014

Mr. Michael Dang
NEVADA HOUSING DIVISION
1535 Old Hot Springs Road, Suite 50
Carson City, NV 89706

RE: Comments on QAP 2015 for Public Hearing, 11/5/14

Mike:

Please note the following comments regarding the QAP 2015:

1) Under Section 11 – Eligible Project Category
An individual developer should not be able to claim points for a "mixed use" project unless the parcel is part of a master planned development with a Declaration and Agreement Establishing Covenants, Conditions and Restrictions calling out specific land use. That individual developer should not have to be the same developer of the master planned community, nor have to develop concurrently with the original project. Most often, an individual developer of a particular parcel of land is not necessarily affiliated with the Master Plan owner.

2) Under Section 14.5 – Additional Project Amenities (Points for Smoke-Free Policy)
It is my understanding that HUD is requesting developers to provide a smoke-free environment. I am not a smoker, and I support this initiative, though I do not believe providing points to an applicant is the correct way to adopt this policy. Incorporating this type of verbiage in a lease is appropriate, but I don't think holding a developer responsible for resident health will help promote a smoke-free policy. Further, a resident's behavior should not jeopardize a developer from being within compliance.

I have spoken with several tax credit investors, and they acknowledge that some states are beginning to require this, but Nevada has a large population of smokers, and with the downturn of the economy, this policy might have an adverse effect on initial lease up on a new development.

3) <u>Under Section 14.6 – Subsection A – Nevada-based Applicant</u>
I support stronger language providing up to 12 points for Nevada-based Applicant/Co-Applicant. I do not think the current QAP puts enough emphasis on developers being Nevada-based. The Nevada-based developer has demonstrated the firmest commitment and greatest investment in building and providing employment within the State.

Sincerely,
GEORGE GEKAKIS, INC.

George Gekakis
President

GG:ma

NATIONAL HOUSING TRUST

November 4, 2014

Mark Licea
Nevada Housing Division
7220 Bermuda Road, Ste. B
Las Vegas, NV 89119
Re: Nevada Draft 2014 Qualified Allocation Plan

Dear Mr. Licea:

The National Housing Trust is a national nonprofit organization formed to preserve and revitalize affordable homes to better the quality of life for the families and elderly who live there. The National Housing Trust engages in housing preservation through real estate development, lending and public policy. Over the past decade, NHT and our affiliate, NHT-Enterprise Preservation Corporation, have preserved more than 25,000 affordable apartments in all types of communities, leveraging more than $1 billion in financing.

We are committed to this work because saving affordable housing is the essential first step in addressing our nation's housing dilemma. Preservation is integral to building and maintaining sustainable, economically vibrant and healthy communities.

We appreciate the opportunity to comment on Nevada's draft 2015 Qualified Allocation Plan. The Trust fully acknowledges and appreciates the entire set of preservation policies and programs established by the Nevada Housing Division. The comments below refer directly and specifically to Housing Division's draft QAP as it relates to the tax credit program and are in no way meant to imply a lack of appreciation for your other successful preservation programs and policies or the current challenges in the tax credit market.

In summary, we urge Nevada Housing Division to:

- Create a *tax credit set-aside for proposals involving the preservation* and rehabilitation of existing multifamily rental housing in the final 2015 QAP.
- *Maintain the green building incentives in the final QAP.*
- *Consider working with state utilities* to develop energy efficiency programs for multifamily housing.

Low Income Housing Tax Credits and Preservation in Washington

Our nation faces a serious shortage of housing for low- and moderate-income families. Over the last decade, more than 15% of our affordable housing nationwide has been lost to market-rate conversion, deterioration, and demolition. Critical affordable housing units are at risk in Nevada (see table). These affordable apartments currently provide homes for some of Nevada's lowest-income families and elderly citizens. By prioritizing preservation, Nevada's Qualified Allocation Plan can provide the incentives necessary to prevent the loss of this indispensable affordable housing.

Assisted properties in Nevada

Project-based Section 8 properties with contracts expiring by 2018:

- 1,750 assisted units in 22 properties
- 66% of which are owned by for-profit owners

Preserving and rehabilitating existing housing has proven to be a cost-effective method to provide rental housing to low-income families and seniors. Nationwide, rehabilitation projects require almost 40% less tax credit equity per unit than new construction developments. As such, states around the nation have recognized that preservation is a common sense response to America's affordable housing shortage, and have prioritized preservation and rehabilitation in their QAPs. Forty-six state agencies prioritize competitive 9% tax credits for preservation by creating set-asides or awarding points to proposals that involve the preservation and rehabilitation of existing affordable housing.

The Trust supports the Housing Division's efforts to encourage preservation by awarding points to rehabilitation proposals in the Standard and Project Type scoring criteria. While this is encouraging, more can be done with Nevada's QAP to advance preservation. **We urge the Housing Division to create a tax credit set-aside for proposals involving the preservation and rehabilitation of existing multifamily rental housing in the final 2015 QAP.**

Affordable Housing Helps Build Sustainable Communities

The continuing loss of affordable apartments is aggravated by the current foreclosure crisis. The result affects more than just the families residing in at-risk properties or those being foreclosed upon. It destabilizes entire neighborhoods and threatens the sustainability of communities in Nevada and across the country. **The renovation of existing affordable housing and the commitment to its long-term affordability not only helps maintain sustainable communities in strong markets, it can also catalyze investment and development in struggling neighborhoods or those neighborhoods most affected by foreclosure.** Preserving existing affordable housing provides an opportunity to reinvest in and improve our communities while protecting historic investments made by federal and state governments. **The National Housing Trust supports the incentives included in Housing Division's draft QAP for access to community amenities, especially public transportation.**

Preservation is Environmentally Friendly

State and local agencies are increasingly encouraging, and in some cases requiring, affordable housing developers to adopt green building practices. Using green building strategies, preservation projects can deliver significant health, environmental, and financial benefits to lower-income families and communities. Green technologies promote energy and water conservation and provide long-term savings through reduced utility and maintenance costs, all while providing residents with a healthier living environment and reducing carbon emissions.

We enthusiastically support the green building incentives included in the Housing Division's scoring criteria, and commend the Division for including consideration for green building practices, healthy building materials and energy efficient design features in Nevada's QAP.

The Trust also encourages Housing Division to partner with Nevada's utilities to make energy-efficiency programs more accessible to affordable, multifamily developments. A majority of states implement utility-funded energy efficiency programs, often paid for through charges included in customer utility rates. These programs are a significant and growing source of resources for residential energy retrofits that remain largely untapped by the multifamily sector. Utility energy efficiency program budgets have significantly increased since 2006 and could reach **$12 billion** nationwide by 2020. Reaching under-served markets, such as affordable multifamily housing, will be necessary if utilities are to achieve higher spending and energy saving goals. In several states, utilities are partnering with state housing agencies and affordable housing owners to develop successful multi-family energy efficiency retrofit programs for multifamily properties. **Energy efficiency upgrades in affordable rental housing are a cost-effective approach to lower operating expenses, maintain affordability for low-income households, reduce carbon emissions, and create healthier, more comfortable living environments for low-income families.**

Conclusion

It is fiscally prudent for states to balance tax credit allocations between new construction and preservation/rehabilitation. The National Housing Trust urges the Nevada Housing Division to continue its support for sustainable communities and the preservation of Nevada's existing affordable housing by creating a set-aside for preservation in your final 2015 QAP. I also urge you to continue to encourage the use of green building techniques and materials for rehabilitation and preservation and consider working with state utilities to create energy efficiency programs for multifamily housing.

Thank you for the opportunity to comment on this important issue in the State of Nevada.

Sincerely,

Michael Bodaken

Michael Bodaken
President

Unleashing Utility Resources to Energy Retrofit Affordable Multifamily Housing

UTILITY-FUNDED ENERGY EFFICIENCY PROGRAMS: AN UNTAPPED RESOURCE FOR AFFORDABLE HOUSING

Key Takeaways:

- Utility-funded energy efficiency programs are a significant source of resources for building retrofits that remain largely untapped by the multifamily sector.
- Total nationwide annual spending on utility energy efficiency programs could reach as much as $12 billion by 2020.
- Reaching under-served markets, such as affordable multifamily housing, will be necessary if utilities are to achieve higher spending and energy savings goals.
- In several states, utilities are partnering with housing agencies and affordable housing owners to help shape and administer successful multifamily retrofit programs.

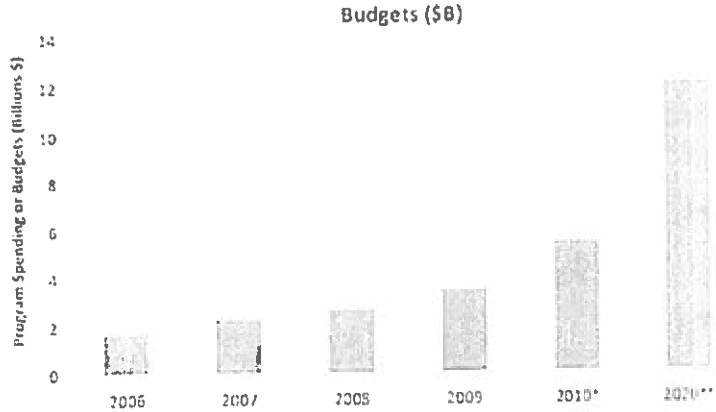
Energy efficiency upgrades in affordable rental housing are a cost-effective approach to lower operating expenses, maintain affordability for low-income households, reduce carbon emissions, and create healthier, more comfortable living environments for low-income families.

A majority of states implement utility-funded energy efficiency programs, often paid for through charges included in customer utility rates. These programs are a significant and growing source of resources for residential energy retrofits that remain largely untapped by the multifamily sector. Utility energy efficiency program budgets have significantly increased since 2006 and could reach $12 billion nationwide by 2020.

If multifamily energy retrofits are to occur at scale, utilities will need to develop energy efficiency programs that address the unique nature of the multifamily sector. While nationwide data is unavailable, most utility-funded programs typically focus first on single-family and small rental properties rather than multifamily properties (5 units or more).[1]

In several states, utilities are partnering with state housing agencies and affordable housing owners to develop successful multifamily energy efficiency retrofit programs.

U.S. Ratepayer-Funded Electric Efficiency Program Spending or Budgets ($B)



Total U.S. program spending for years 2006-2009. (Source: ACEEE)
* Total U.S. program budgets for year 2010. (Source: Institute for Electric Efficiency)
** Projected total U.S. program budgets in 2020 according to the Lawrence Berkley Nat'l Labratory (Source: Institute for Electric Efficiency)

NATIONAL HOUSING TRUST

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Iowa

In Iowa, a partnership between the Iowa Utilities Board, the Iowa Finance Authority, and investor-owned utilities ensure that low-income renter households have an opportunity to benefit from energy efficiency improvements. Utilities provide enhanced rebates for energy efficiency improvements in affordable multifamily housing, paying up to 40 percent of the cost of the measures.

New Jersey

New Jersey's largest utility, PSE&G, and the New Jersey Housing and Mortgage Finance Agency (NJHMFA) have collaborated to develop an innovative multifamily housing energy retrofit program. PSE&G's Residential Multifamily Housing Program provides upfront interest-free financing and grant incentives to cover the cost of eligible energy efficiency improvements.

PSE&G worked closely with NJHMFA to develop strategies to address the unique needs of affordable multifamily housing. Highlights of the program include the following:

- Incentives eliminate or significantly reduce the owner's contribution to the construction costs. Owners have the option of repaying the zero interest loans through energy savings and on their utility bill.
- Participating owners who may be unfamiliar with how to procure energy efficiency services receive ongoing guidance and technical assistance for soliciting contractor bids.
- To gain access to potential customers, PSE&G relied on NJHMFA's help to reach multifamily owners. The program has been fully prescribed to date.

Massachusetts

In 2009, the owners and operators of affordable multifamily housing in Massachusetts convinced the state's utility companies and other key stakeholders that the existing utility energy efficiency programs did not work for affordable multifamily buildings. At the time, owners of multifamily properties often had to apply completely separately to a utility's residential and commercial programs, as a building could have a mix of master meters (requiring participation in the commercial utility program) and individual tenant meters (requiring participation in the residential utility program). Further, an electric utility's program might address lighting and appliances, but do nothing to address inefficient heating plant or the building envelope. The utilities agreed to consider revising their programs so that multifamily owners could achieve true one-stop shopping and obtain services that would address the full range of efficiency needs in these buildings. The new Low-Income Multifamily Retrofit Energy Program was launched in 2010. The program's electric utility-funded budget for 2011 is $14 million, and the gas budget is $8.5 million.

Oregon

In Oregon, the state's housing finance agency- Oregon Housing and Community Services (OHCS)-administers an affordable housing program that is partially funded through proceeds from the state's ratepayer-funded energy efficiency budget. The Housing Development Grant Program (HDGP) provides grants to construct new housing or acquire and rehabilitate existing affordable housing. Between 2009-2011, HDGP funding was used to save and improve nearly 600 HUD subsidized affordable apartments that were at risk of being lost from the state's affordable housing supply.

NHT is grateful for the support of the Doris Duke Charitable Foundation, the Energy Foundation, and the Kresge Foundation.

References

[1] National Consumer Law Center, "Up the Chimney: How HUD's Inaction Costs Taxpayers Millions and Drives Up Utility Bills for Low-Income Families."

WESTERN REGION NONPROFIT HOUSING CORPORATION

223 West 700 South, Suite D. Salt Lake City, UT 84101. 801-531-9200 Fax 801-531-9201

November 4, 2014

Mr. Michael Dang
Chief of Federal and State Programs
NHD
1535 Old Hot Springs Rd. – 50
Carson City, Nevada
89706

RE: Comments to Draft 2015 QAP

Dear Mr. Dang:

Thank you for distributing comments and suggestions regarding the proposed 2015 Qualified Allocation Plan (QAP). While we have been in attendance at the last two QAP meetings, due to scheduling conflicts, we won't be able to attend the meeting this year. But I did want to take the opportunity to respond to you personally regarding one item in the proposed QAP.

I have noted from reading the comments continued requests from other developers asking that you amend Sections 14.6 and 14.7 such that the program would essentially restrict the ability to submit applications for tax credits to full time Nevada residents.

Western Region Nonprofit Housing Corporation is an 11 year old 501(c)(3) CHDO based in Salt Lake City, specializing in the preservation of HUD Section 8 property. We are very skilled in the complicated process of combing LIHTC and HUD or USDA components. The Utah, Arizona, Nevada and Idaho region is very important to us. We were very excited a few years ago to have Falcon Ridge Realty join with us to add Centennial Park Apartments in North Las Vegas to the list of projects where we are managing members. You are most likely aware that we recently acquired Community Gardens in Reno. Both of these projects provide very important subsidized housing to very low AMI Nevada residents. So now two at risk housing projects in Nevada with expiring Section 8 subsidy have been preserved and extended for 50 years as low income resources under the control of a very responsible, well regarded non-profit developer. We are committed to providing the best possible housing for the tenants. These Section 8 properties are so very important to their communities. It is important to us to be involved in improving the communities we partner with to provide housing.

I find it interesting that being located in Salt Lake City enables us to be in either Reno or Las Vegas at any time within two hours travel time from our office. A "Fun Bus" stops in front of our office every morning, picking up passengers for the daily round trip to Wendover. Centennial Park, located in Clark County, is just a few miles away from our Jefferson Park property in St. George. Our staff members have owned housing in Mesquite for a number of years. Nevada is and should be considered part of a vibrant regional area. Most of its economy depends on having people in the surrounding area visit often. Many of our Nevada neighbors come to Salt Lake City or St. George for their shopping needs. We consider ourselves very much a part of the low income housing community in this region. With the travel and technological advances of the last few years, isn't the attitude of keeping Nevada an isolated entity in terms of housing something of an outdated notion?

While I naturally understand the wish of some developers to have an exclusive monopoly in competing for funding, I find it hard to justify how someone who actually owns land in Nevada, and pays the taxes that comes with that ownership, could be prevented from participating in a competitive process of tax credit allocations. Shouldn't the goal be to provide the best housing for the citizens of Nevada? Shouldn't the benchmark be to award credits in a way that benefits housing by involving the most committed and skilled housing providers in bringing the best housing to the most number of those in need?

We appreciate the relationship we have had with NHD to date, and look forward to doing much more with you. It would be a shame to limit that involvement. We ask that you strive to structure the QAP in order to keep the allocation process fair and competitive, with the end goal of producing the best housing possible to the citizens of Nevada.

Sincerely,

Marion A. Willey,
President

PRAXIS CONSULTING GROUP, LLC
SERVICES TO THE AFFORDABLE HOUSING COMMUNITY
DEVELOPMENT FINANCE
PROJECT MANAGEMENT
RESEARCH & EVALUATION

MEMORANDUM

Date: November 3, 2014

To: Mike Dang, NHD, Chief of Federal Programs

From: Eric Novak
Hilary Lopez, Ph.D.
Praxis Consulting Group, LLC

Re: Comments on October 3, 2014, Discussion Draft of Nevada Housing Division Low Income Housing Tax Credit 2015 Qualified Allocation Plan

Comments on Nevada's 2015 LIHTC QAP (Discussion Draft dated October 3, 2014)

1. P.5, Line 41 – This sentence indicates that the NRS and NAC prevail over the Qualified Allocation Plan (QAP). The Internal Revenue Code (IRC) Section 42 and QAP should be the prevailing regulatory documents for Nevada's Low Income Housing Tax Credit (LIHTC) program. Recommend putting QAP in 2nd position after the Section 42 Code.
2. P.6, Line 34 – The Division should consider updating the LIHTC Application and providing an online application format.
3. P.7, Line 20 – Recommend deleting sentence starting with "The Division will allow..." as the US Department of HUD does not provide guidelines for finalization of the QAP.
4. P.8, Lines 1-14, part of Section D. Reporting – Why is the Division requiring such extensive reporting information? How will the Division use the information? This provision would be burdensome for developers.
5. P. 11, Lines 24-28 – Please clarify that the Non-Profit Set Aside credits would only go to the highest scoring Veterans Set-Aside application in Clark County if the project is also the highest scoring Non-Profit Set Aside project per Section 6.
6. P.12 – Please update table to reflect the $1 million Veterans Housing Set Aside in Clark County.
7. P. 14, Line 10 – Change "the USDA-RD" to "the local USDA-RD office."
8. P. 14, Line 10 – Change "ability" to "authorization."
9. P. 14, Line 14 – After "new construction projects," add "with confirmed USDA-RD financing."

10. P. 14, Section 7, USDA-RD Set Aside – Please add a requirement for new construction projects to notify the USDA-RD of their project and for USDA-RD to provide a letter of support. The QAP currently only provides for this requirement for acquisition/rehabilitation projects. Specifically, NHD should require applicants with new construction projects to produce a letter from the local USDA-RD office, confirming that a proposed project meets the requirements for USDA-RD funding. USDA-RD should confirm that the project meets underwriting criteria for the proposed USDA-RD financing program, is financially feasible, and that there is market demand for the proposed project.
11. P.16, Section 10 Tax Credit Reservation Process. We discussed at the NAC hearings moving the waterfall methodology from the NAC to the QAP (i.e. ability to allocate to a project within 5% of credit request; ability to skip a higher scoring project in a set-aside, once there are not enough credits to fund that project and go to the next highest scoring project in the set-aside.)
12. P.16, Lines 42-43 – Delete "voucher program and." We think this is an error.
13. P. 18, Line 19 thru P.19, Line 21 – The 270-day test is no longer a federal requirement. It imposes an artificial deadline on projects and can be challenging to meet. Please consider deleting this requirement in its entirety. The Division will be receiving quarterly progress reports from LIHTC recipients and can ensure through those reports and other methods, such as discussions with developers, which projects move towards financing closing and construction.

    (Note: P. 42, Lines 25-26, Sentence starting with "A letter from the Equity…" will also need to be deleted if the 270-day test is deleted in its entirety.)

14. P.19, Lines 33-36 – The dates are incorrect. Please update to November 8, 2016 and May 9, 2017. (Why did the Division select May 9, 2017, as the due date for Certificates of Occupancy? This date seems arbitrary.)
15. P. 20, Line 9 Projects for Individuals – Clarify that senior housing projects may not submit under this project set-aside.
16. P. 20, Lines 9-11 and repeated in Lines 15-17 – Please delete sentence beginning "Where other Federal…" We believe this is in error. The RAD program income requirements do not conflict with the tax credit program.
17. P.20, Line 19-38 Senior Housing Age 55 and Older – We recommend retaining the language from the 2014 QAP, which is consistent with HOPA. The fact that HUD and USDA-RD use different (and more restrictive) definitions for senior housing does not negate the Fair Housing protections under HOPA or the ability of the project to meet the NHD Senior Housing definition.

18. P.22, Lines 39-41 – Clarify that if a commercial project in a mixed-use application is not attached to the proposed tax credit project, then it should be clear that the two are part of the same project concept (i.e. same developer; same time frame; etc.) The language might allow a developer to claim mixed-use credit for an unrelated commercial project that happens to be next door.
19. P.25, Lines 9-24 – Because the Division is setting aside $1 million for a particular project type, at least a portion of the project units should be set-aside for Veteran households as a condition of the funding. The current language allows for developers to give "preference to" Veteran households. However, at least a certain number of units within the development should be restricted for veteran households.
20. Same section - Why is the project limited to new construction or conversion of an existing *non-housing facility/building*? Why can't a developer convert a vacant or abandoned housing facility for veterans housing? (Same comment for P.65, Section F: Housing for Veterans)
21. P.25, Line 40 – Footnote #3 is not visable.
22. P.26, Line 17 – Footnote #4 is not visable.
23. P.31, Lines 25-27 – Will you make the contact information for the energy consultant available prior to adoption of the final 2015 QAP?
24. P.39, Lines 28-30. This is a reminder to make Appendix B, Market Study Guide available.
25. P.40, Lines 6-12 – Change "gross floor rent" to "gross rent floor" throughout section.
26. P.41, Line 21 – Delete apostrophe after "Co-Applicants."
27. P. 45, Line 41 – change "those" to "that"
28. P.51, Lines 43-44 and P.52, Lines 1-3 – This paragraph is out of place. Move to Section N Threshold #14, Project Plans, at the end.
29. P.53, Line 15 – Move #vii to the end of #iii, Landscaping.
30. P.53, Lines 17-21 – Move paragraph #1) to end of #vi.
31. P.53, Lines 23-29 – Section b. Phase II testing belongs with the Zoning and Phase I text in Section I, Threshold #9 on page 45.
32. P. 53, Lines 31-34 – Please delete "all" in front of "applicable local jurisdictions." Please note that this requirement is burdensome to developers in rural areas where the local jurisdiction may not be providing an infusion of funds and the Council or Commission is unfamiliar with the LIHTC program. Councils/Commissions in these areas are more hesitant to go "on-record" supporting a project and there are long lead-times for completing this item. If the project receives HOME funds from the Division or a letter of support from USDA-RD, is that sufficient for rural projects?

33. P. 54, Lines 1-9 – Can an applicant indicate that back-up documentation is provided in another section/tab of the application and reference that section/tab of the application rather than duplicating the materials? Duplication of materials is burdensome and wastes resources.
34. P.54, Line 17 – Check maximum point score for 2015.
35. P. 55, Line 16: Rating Factors – Please:
    a. Reinsert Item JJ: Flower or herb garden with drip irrigation system in single site project;
    b. Add "Senior Project" to Item KK.
    c. Add "Special Needs Project" to Item LL.
    d. On Item MM, we support additional points for increasing the number of fully accessible units. However, we would recommend setting a threshold of 20% of units (4 times the required Type A units) for the full 3 points. 100% fully accessible Type A units might be a marketing challenge for most types of supportive housing.
    e. Consider adding "On-Site Walking Circuit or Trail" at senior and special needs projects for 2 points. As tenants age in place, walking is good physical activity and can be helpful to those with Alzheimer's and dementia.
36. P. 58, Line 13 – We agree with the change in Item B for Nevada Based Applicants.
37. P.60, #B – delete "either 1 or 2 below."
38. P. 61, Section 14.12: Superior Project/Application Points, Item G – Please change to reflect "100% of rent restricted units at or below *an average income* of 40% of Area Median Income for family units; at or below *an average income of* 45% of Area Median Income for senior projects…
39. P.62, Section #D – Add "non-residential" after "existing."
40. P.62, Superior Project – The highest possible score in this category is 32 (not 36). However, we recommend limiting the scoring in this category to 24 (as in 2014), so as not to outweigh other scoring factors.
41. P. 64, Lines 5-24, Projects for Individuals – We are again unclear as to the purpose of this category. If it is intended to serve special needs populations, then applicant should submit in the Special Needs category. Please also clarify that senior housing projects may not apply in the Projects for Individuals category.
42. P. 64, Lines 5-24, Projects for Individuals. Please review and possibly revise the unit mix requirements for this category. Many times projects for individuals consist primarily of studio or 1-bedroom units. Providing for a certain unit mix limits ability to potentially serve this community in the most meaningful way and

may be more costly for developers and local communities trying to serve this population.

43. P.65, Line 24 thru P. 67, Line 24 – This section should allow for any developer with experience providing veteran housing and/or services to garner points. The current wording appears to provide points only to developers that are incorporated in Nevada and that have experience providing veteran and/or special needs housing units in Nevada.
44. P.65, Line 24 Housing for Veterans – Please clarify that the "Veterans Preference" points (3 points) are for all project types except "Veterans Oriented Housing Projects." Please also clarify that projects applying in the "Veterans Oriented Housing Projects" category may not apply in any other Project Type category. It should be clear to applicants in the "Veterans Oriented Housing Projects" category, whether in Clark County or elsewhere in the state, that this is a set-aside and not a preference. We strongly recommend that NHD establish a minimum set-aside of units for Veteran households in this category, such as 20%, in order to make it meaningful—particularly in Clark County where $1 million is being set aside.
45. P.66, Lines 15 thru 22 – Use months of experience, rather than years of experience as the scoring factor, to match the Special Needs scoring methodology.
46. P.66, Lines 28 thru 39 Section 1(a) – Why are developers precluded from claiming the 5 preference points for project ownership in Section 14.4?; especially in situations where a developer has negotiated a site in close proximity to a location where veteran supportive services are provided?

    Is there any requirement for supportive services at the veteran housing project? If so, how is this documented?

    Please clarify/define "land easily accessible to where veterans supportive services are provided." How will the Division determine this to award the points?

    Paragraph 2 under Section 1(a) appears inconsistent with Paragraph 1 under this section since it specifically indicates that the property "must be contiguous to a currently operating veterans and/or special needs housing project owned by the sponsor/co-sponsor." Paragraph 1, as stated above, indicates that preference points can be awarded if the sponsor controls land "easily accessible to where veterans supportive services are provided." Additionally, the current language is very limiting and would preclude most developers.
47. P. 69, Line 13 – Change eight to six.

48. P. 69, Supportive Services – We support deleting "prepared meals" as a scoring area, since it is not viable for tax credit projects to meaningfully provide this service on its own.
49. P. 70 Line 2 – Delete #0
50. P. 70, Line 11 – Delete "and" between "Fee" and "percentage." The fee amount can float. The percentage is fixed.
51. P. 70, Lines 41-42; and P. 71, Line 3 – Clarify that all work in the construction contract is included in the 14% fee calculation, including appliances and FF&E (if applicable).
52. P. 71, Lines 20 – Change "four" to "two."
53. P. 71, Lines 21-24 – Delete sentence beginning "Additional Contributions…"
54. P. 71, Section A Donated Land – Add "arm's length" before "private source" in two places. It should be clear that private developers cannot donate land to themselves.
55. P. 74, Line 1 – The new QCTs and DDAs are available. Please update the table.
56. P. 75, Line 26-28 – Delete this item. The demonstration project was removed from the QAP.
57. P. 75, Line 30 - Please add Washoe County to this item. Projects in Washoe County have also experienced increases in construction costs and there are very limited ways within the current list of items for projects within Washoe County to be considered for a staff authorized basis boost.
58. P. 77, Line 13 – change 2012 to 2015.
59. P. 83, Line 27-31 – Delete #10. It is a duplicate of #1 on the previous page
60. Page 86, Lines 1-28 – Need to update Section 28.

Rationale for adding smoke free housing policy to Nevada's Qualified Allocation Plan

According to a study from the Centers for Disease Control and Prevention (2013), eliminating smoking in all U.S. subsidized housing would yield an annual cost savings of $497 million. Annual savings in Nevada would yield approximately $2 million. The majority of annual savings would derive from reduced health care expenditures related to secondhand smoke. The study also estimates savings in annual renovation expenses and smoking-related fire loses.

In Nevada 29.9 percent of housing units are in multi-unit structures. Children, the elderly, and disabled compose a large number of residents living in subsidized housing. They are also the most sensitive to secondhand smoke. Up to 68 percent of the indoor air is shared between units. Secondhand smoke seeps from nearby apartments and common areas, where smoking occurs, into the nearby apartments of non-smoking tenants. Opening windows and installing ventilation systems does not fully eliminate exposure to secondhand smoke. Surgeon General's Report (2006) concluded that there is no safe level of exposure to secondhand smoke, and that only 100 percent smoke-free indoor policies can fully protect people from secondhand smoke dangers.

Proposed Language

SECTION 14 PROJECT SCORING

<u>SECTION 14.5 ADDITIONAL PROJECT AMENITIES</u> (p55)

RATING FACTORS	
Project Amenities – Development Has:	**Points**
OO. 1. Establish and implement a smoke-free policy in all units and common areas of the project: • Include a non-smoking clause in the lease for each household • Post smoke-free signage to communicate the smoke-free policy to the project residents, employees, and guests	1
OO. 2. Establish smoke-free entrances and common areas of the project.	0.5